

City of Waynesville, Missouri

Basic Financial Statements  
Year Ended December 31, 2023

**KPM**  
CPAS & ADVISORS

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Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

## **Report on the Audit of the Financial Statements**

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Waynesville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis of Matter***

As described in Note 21 to the financial statements, the City restated fund balances and net position to reallocate debt proceeds. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2024, on our consideration of the City of Waynesville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waynesville, Missouri's internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
October 21, 2024

## **Management's Discussion and Analysis**

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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The Management's Discussion and Analysis of the City of Waynesville, Missouri's financial performance provides an overview of the City's financial activities for the year ended December 31, 2023. Please read it in conjunction with the City's financial statements.

### Financial Highlights

The net position of the City's governmental activities increased by \$1,554,955 for the year ended December 31, 2023, as a result of current year activities. The net position of the City's business-type activities increased by \$1,734,784 for the year. Over time, increases in the net position are a key indicator of the financial health of the City.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2023, by \$30.4 million (net position), an increase of \$3,289,739 from the previous year.

Total liabilities of the City decreased by \$1,654,187 during the year ending December 31, 2023. The City continued to make payments on its Certificates of Participation and equipment leases.

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

### Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred outflows/inflows using the accrual basis of accounting. This is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's net position – the difference between assets, liabilities, and deferred outflows/inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

*Governmental Activities:* Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

*Business-Type Activities:* The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, electric, gas, and solid waste transfer station services are provided here.



# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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### **Fund Financial Statements**

The fund financial statements provide detailed information about the City's funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

*Governmental Funds:* Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

*Enterprise Funds:* When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

### **Notes to the Basic Financial Statements**

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

### Government-Wide Financial Analysis

#### Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2023 and December 31, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2023</u>	<u>Total December 31, 2022</u>
<b>Assets</b>				
Current and other assets	\$ 10,323,804	\$ 4,639,062	\$ 14,962,866	\$ 17,589,178
Capital assets	26,558,919	15,043,336	41,602,255	38,448,071
<b>Total Assets</b>	<b>36,882,723</b>	<b>19,682,398</b>	<b>56,565,121</b>	<b>56,037,249</b>
<b>Deferred Outflows of Resources</b>				
Deferred refunding charges	3,065	17,366	20,431	29,512
Deferred pension outflows	716,093	204,912	921,005	656,198
<b>Total Deferred Outflows of Resources</b>	<b>719,158</b>	<b>222,278</b>	<b>941,436</b>	<b>685,710</b>
<b>Liabilities</b>				
Other liabilities	2,400,487	2,370,168	4,770,655	5,119,950
Long-term liabilities	11,052,806	7,125,039	18,177,845	19,482,737
<b>Total Liabilities</b>	<b>13,453,293</b>	<b>9,495,207</b>	<b>22,948,500</b>	<b>24,602,687</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflow - leases	4,089,665	-	4,089,665	4,633,787
Deferred pension inflows	49,097	58,577	107,674	415,506
	<u>4,138,762</u>	<u>58,577</u>	<u>4,197,339</u>	<u>5,049,293</u>
<b>Net position</b>				
Net investment in capital assets	15,947,035	7,466,746	23,413,781	20,723,091
Restricted	1,258,768	147,307	1,406,075	534,434
Unrestricted	2,804,023	2,736,839	5,540,862	5,813,454
<b>Total Net Position</b>	<b><u>\$ 20,009,826</u></b>	<b><u>\$ 10,350,892</u></b>	<b><u>\$ 30,360,718</u></b>	<b><u>\$ 27,070,979</u></b>

Total net position of the City increased by \$3,289,739 for the year ended December 31, 2023. Total liabilities for the City have decreased by \$1,654,187. Restricted net position of the City totaled \$1,406,075 as of December 31, 2023. This amount represents monies that are restricted for debt service and donations.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

### Changes in Net Position

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Year Ended December 31, 2023</b>	<b>Total Year Ended December 31, 2022</b>
<b>Revenues, Transfers, and Special Item</b>				
Program Revenues				
Charges for services	\$ 1,522,546	\$ 12,425,971	\$ 13,948,517	\$ 14,894,938
Operating grants and contributions	152,171	-	152,171	233,084
Capital grants and contributions	1,095,659	110,000	1,205,659	35,735
General Revenues				
Sales taxes	1,990,427	-	1,990,427	1,703,892
Ad valorem taxes	514,890	-	514,890	496,237
Motor vehicle and gas taxes	275,919	-	275,919	233,754
Other taxes	-	-	-	2,500
Franchise fees	53,328	-	53,328	51,844
Interest	154,435	162,646	317,081	111,126
Other revenue	132,781	-	132,781	81,312
Special item	-	-	-	206,331
Transfers	2,060,740	(2,060,740)	-	-
<b>Total Revenues, Transfers, and Special Item</b>	<b>7,952,896</b>	<b>10,637,877</b>	<b>18,590,773</b>	<b>18,050,753</b>
<b>Expenses</b>				
City hall	1,581,036	-	1,581,036	984,395
Fire	257,905	-	257,905	332,003
Public safety	1,065,624	-	1,065,624	956,258
Municipal court	125,213	-	125,213	105,462
Street	653,713	-	653,713	561,180
Park and pool	401,583	-	401,583	532,257
Cemetery	807	-	807	968
Airport	1,081,547	-	1,081,547	1,734,384
Animal shelter	441,488	-	441,488	339,370
Building department	371,938	-	371,938	257,929
Dispatch	77,991	-	77,991	-
Debt service	339,096	-	339,096	334,709
Electric	-	5,596,665	5,596,665	6,024,518
Water and sewer	-	1,547,413	1,547,413	1,538,943
Trash	-	559,051	559,051	351,730
Natural gas	-	1,199,964	1,199,964	1,225,462
<b>Total Expenses</b>	<b>6,397,941</b>	<b>8,903,093</b>	<b>15,301,034</b>	<b>15,279,568</b>
<i>Increase in Net Position</i>	<b>\$ 1,554,955</b>	<b>\$ 1,734,784</b>	<b>\$ 3,289,739</b>	<b>\$ 2,771,185</b>

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

### Governmental Activities

Governmental activities increased the net position of the City by \$1,554,955. Tax revenues for the City were \$2,834,564 which represents 36% of the funding of these activities. Program revenues for the functions totaled \$2,770,376 or 35% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

#### Net Cost of the City of Waynesville, Missouri's Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
City hall	\$ 1,581,036	\$ 1,442,156
Fire	257,905	257,905
Public safety	1,065,624	980,353
Municipal court	125,213	125,213
Street	653,713	619,076
Park and pool	401,583	181,400
Cemetery	807	(2,193)
Airport	1,081,547	(549,392)
Animal shelter	441,488	276,038
Building department	371,938	284,666
Dispatch	77,991	77,991
Debt service	339,096	(65,648)
	<u>\$ 6,397,941</u>	<u>\$ 3,627,565</u>

### Business-Type Activities

Business-type activities increased the City's net position by \$1,734,784. In the current year, the business-type activities transferred \$2,060,740 to the governmental funds.

### Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2023, was \$4,651,905. The General Fund decreased by \$1,131,256, the Park and Pool Fund increased by \$319,259, the Community Improvement District (CID) Fund increased by \$20,859, and the Debt Service Fund increased by \$110,867.

### General Fund Budgetary Highlights

Differences between the original and the final budget can be summarized as follows:

- The original revenue budget of \$4,168,740 increased to \$4,779,250 due to mainly an increase in anticipated tax revenue.
- The original expenditures budget of \$7,233,235 was increased to \$8,265,545.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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### Capital Asset & Debt Administration

#### Capital Assets

Capital assets of the governmental activities were \$26,764,532 (net of accumulated depreciation) as of December 31, 2023. This represents a \$1,538,409 increase from the prior year. Capital assets for business-type activities were \$15,043,336 as of December 31, 2023. This represents an increase of \$1,821,388 from the prior year.

#### Debt

Total debt of the governmental activities as of December 31, 2023, was \$11,365,538, which is down from \$12,238,398 in the prior year.

Total debt of the business-type activities as of December 31, 2023, was \$7,838,012, which is down from \$8,966,263 in the prior year.

### Economic Factors & Next Year's Budget

The 2024 budget is projected to increase as the city continues to pursue projects utilizing Certificate of Participation funding and other grant funding opportunities received by the city. The 2024 budget will begin to reflect increased revenue due to the Subdivision Improvement Program (SIP) and the construction of new homes within the city. Real estate tax revenues from this program will lag approximately one year due to the taxing cycle of real property i.e. real estate taxes for new homes are based upon a January 1 occupancy. Nearly 150 homes were completed under this program by the end of 2023 boosting our housing and tax base. The inflation on materials and labor has had an impact on the proposed budget expenditures as we see materials as much as three times higher than in 2020. The increase in tax base will help offset these increased expenditures. Other budget considerations consist of grant funding made available to the city during the 2024 calendar year. These opportunities include potential for grant funding on airport projects (terminal design/construction) and TAP grant funding. These grant programs are applied for by the city on an annual basis and could have impacts on the overall 2024 city budget. Additionally, the city has taken measures to increase its economic development presence which could result in land sales and/or increased tax revenues for the city that would also impact the 2024 budget.

### Key Projects for 2023

- **Subdivision Improvement Program (SIP)**

The City of Waynesville continued with the implementation of the Subdivision Improvement Program (SIP) throughout 2023. The city realized approximately 150 building permits resulting in additional housing need opportunities for the community. The development provided both single and multi-family options within the City of Waynesville. The city expects another 150 building permits for the 2024 fiscal year and should complete the subdivision improvement program achieving the housing goal set forth prior to the program.

- **Tantalus (Smart) Metering**

The City of Waynesville invested in a smart metering system through Tantalus. This metering system provides real-time data to both city personnel and the customer. The deployment of this system began in the electric department with the installation of Tantalus electric meters. The city plans to implement additional utility systems with the deployment of the initial overlay. The benefits of this system include increased awareness of usage and leak detection along with customer value of potential cost savings with time of use management.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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- **Witmor Farms**

The City of Waynesville completed a sanitary sewer extension to service the Witmor Farms area located in West Waynesville. The sewer extension consisted of the installation of gravity sewer main and corresponding lift station to service a property that was annexed into the city in 2016. This project provided sewer service to approximately 60 acres and was completed in 2023.

- **2021 COP**

The city made the first request for reimbursement utilizing funds from the 2021 Certificate of Participation in December 2022/January 2023. The improvements within the city these funds made possible include street improvements, infrastructure installation for housing, electric department building and other utility extension projects for the city resulting in increased utility reliability.

- **2023 Dodge Pro-Master Animal Shelter Vehicle**

The city purchased a 2023 Dodge Pro-Master Animal Shelter vehicle for the replacement of aging fleet vehicles. The vehicle was outfitted with custom equipment providing adequate transport for multiple animals and shelter staff.

- **2023 Ford 600 Electric Bucket Truck**

The city utilized the DERA grant to purchase a 2023 Ford 600 Dura-Lift (DT-54) bucket truck for the electric department. This purchase was added to our fleet increasing efficiency and safety during overhead electric maintenance and installation.

- **2023 John Deere Excavator**

The city utilized the DERA grant to purchase a 2023 John Deere 135P excavator to be utilized over all utility departments. This equipment maximizes material displacement during utility installation. The excavator removes additional trench width increasing safety in underground utility installation.

- **Waynesville Central Dispatch**

The city was presented with an approximate \$105,000 increase for dispatch services provided by Pulaski County E911. The proposed increase led the city to implement a central dispatch service for non-emergency police and utilities. The addition of dispatch services to the city was implemented during 2023.

- **GIS Mapping**

Over the course of the year the city continued working on the digital GIS database, mapping the utilities owned, operated and maintained by the city. This GIS database continues to expand with the uses of such software continuing to show value within the city. The GIS mapping database has expanded to include the beginning stages of the EPA mandated lead service line inventory (LSLI), natural gas system and some street/stormwater features. Digital mapping of the city's systems continues to be an ongoing process as mapping updates are provided periodically.

## City Department Updates

- **Waynesville – St. Robert Regional Airport**

The Waynesville – St. Robert Regional Airport is located on Fort Leonard Wood, MO. The cities of Waynesville and St. Robert manage the airport through the Joint Airport Advisory Board with day-to-day operations and administrative duties being the responsibility of the City of Waynesville. The air service carrier continues to be Contour Airlines. The airport reached the 10,000-enplanement pinnacle making the airport eligible for potentially \$1M in AIP/Entitlement

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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funding. The airport decided to continue with the design of a new terminal building at the airfield. The design selected included an approximate 10,000 square foot building with an overnight parking lot for passengers on extended leave.

- **Street Department**

The street department continued improvements to the roadways within the city by grading, paving and curbing roads within the subdivision improvement project (La Vista, Mesa, Pinnacle, Sierra Circle and Switchback). The department continued improvements on existing roads by clearing right-of-ways, patching/paving utility cuts, pothole maintenance and improved signage along travel corridors of the city.

- **Waynesville Police Department**

The Waynesville Police Department received and implemented several grants throughout the year to include a DWI grant, HVM grant and Click-it or Ticket grant. The police department received new duty firearms and duty vests.

- **Economic Development**

Economic Development within the City included business retention as well as the development of a Dollar General in Downtown Waynesville. The city was selected to display the Wall That Heals (Vietnam Memorial Traveling Wall). The City was also selected to become a part of the SAPPER competition by hosting a portion of the event within the City Park. The city hosted the 100<sup>th</sup> anniversary of the Roubidoux Bridge. Each of these events bring numerous visitors to the city while increasing the activity along our business districts.

- **Finance and Human Resources**

The finance department continued to work with bank reconciliation module within gWorks. The city continues to work on improving the accounting measures of the city by comparing and closing the bank reconciliation program with actual bank accounting information. When data input into the software is completed, the software should allow the staff to efficiently manage funds, track financials and achieve auditing requirements throughout the year.

The City of Waynesville put their banking services out for bid in the end of 2022 to become effective in January 2023. banking services resulted in an increase in the interest rate of money on hand, increasing revenue for the city on these monies.

The City of Waynesville's Human Resources Department implemented the city's first standardized training program. The employees logged over 1000 hours of training that included continuing education, certifications and personal development training to name a few. Training was scheduled throughout all departments ensuring that each employee was offered the opportunity to learn and develop the skills needed to successfully fulfill their job duties.

## American Rescue Plan Act (SLFRF)

With the receipt of State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA), the City of Waynesville implemented an ARPA team to develop programs to disseminate these funds within the community. These programs included:

- **Build it Better Program | \$50,000:** Haven't received an application in 6 months or more. The program will sunset as of December 31<sup>st</sup>, 2023, with a total of \$13,150 dispersed to applicants.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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**Match to Grants | \$591,000:** The city was not approved for the Water and Sewer Grants, but the TAP Grant does still need ARPA funds which was allocated \$141,000. Engineering and construction will take place in 2024.

### **Purchase of Hwy 17 Property for Park Expansion | \$25,000**

- **Economic Development Contribution | \$30,000**

- Small Business Renovation &/or Expansion Grant | \$50,000: Economic Development Coordinator, Doug Potts has actively worked on both programs and has dispersed \$42,560 to approved applicants.

- SBEP-2 | \$30,000: Doug Potts requested an additional \$30,000 for a Small Business Entrepreneurship Grant – the grant would be to fund two projects at \$15,000 each.

- **Leaf & Limb Dump Improvements | \$85,000**

**Animal Shelter Renovation | \$50,000:** Renovations this year totaled approximately \$16,000. The entire project hasn't been completed yet, and they're expected to complete it in 2024.

**RV Park Expansion | \$50,000:** These upgrades are complete, and the project came in at \$55,426. The upgrades added 14 more spots at the RV Park.

**Police Department Needs | \$40,000:** Several of the police department's budget lines were funded by ARPA this year. They were able to purchase new duty pistols, upgrade their office chairs, and upgrade some of their duty gear. The department spent a total of \$31,874 that qualified for reimbursement.

- **Grants | \$271,000**

- Tap Grant for Sidewalks: \$141,000 (Existing)

- Tap Grant for Sidewalks: \$115,000 (New)

- Military Installation Resilience Review: Match up to \$15,000

- **Gas Department | \$4,000:** Purchase a steel pipe emergency squeeze tool that would give the department the ability to shut off gas without shutting down the entire city if a farm tap get damaged during an accident.

- **Dispatch | \$67,500:** Waynesville Central Dispatch had approximately \$135,000 in initial set-up costs. The committee approved 50% reimbursement from ARPA.

- **Hwy 17 Property Clean-up | \$100,000:** The City of Waynesville purchased the property with ARPA funds in 2022 and there are four buildings on the property that need to be torn down and disposed of due to environmental issues of asbestos and lead.

- **City Hall Generator | \$70,000**

- **Road Entry Lights for Fire Department (Cost Share) | \$35,000**

- **Park Repairs | \$50,000:** Pavilion maintenance and other repairs needed on park structures from wear and tear.



# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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- **Community Outreach Project | \$20,000:** Mayor Wilson would like to contract a new website and communication app with these funds.
- **Mapping | \$10,000:** The committee would like to create an updated city map and brochure for tourism purposes and allocated \$2,000 for this. We would also like to update the city's ward and zoning maps and \$8,000 was allocated for this project.
- **Water/Sewer Department | \$7,000:** Purchase of a FCS DXMic Pro Kit which will allow workers to listen to water lines and locate the leaks quicker.
- **Cash Vault for City Hall | \$7,000**

### 2023 Grants

In 2023, the City of Waynesville applied for several grants to help fund various needs within the community. Some were granted in 2023 while execution of the grants won't come until future years. Some of the grants that the city was selected for include:

- TAP 9901(551)- Construct 1,500 LF of sidewalk along Historic 66 from Cash James Loop to Broadway. Total award \$459,622 and total match \$114,906 required.
- Non-Playground Scrap Tire Grant- 2- ADA accessible 8ft picnic tables, 6- traditional 8ft picnic tables, 8- 8ft park benches. Total costs \$14,344 (100% reimbursable)
- Diesel Emissions Reduction Act (DERA) Grant- Total award \$113,340
- Airport Marketing Grant- Total Award \$70,000 and total match \$7,000
- Airport Rescue State Block Grant- Total Award \$59,000 (100% grant)
- Terminal Design funding from FAA- Total award \$1,142,707 and total match \$57,135
- Terminal Design funding from MoDOT- Total award \$161,903 and total match \$8,095

### City Government

The municipal election held in 2023 resulted as follows:

- Councilman Bill Farnham was re-elected as Councilman of Ward 1
- Councilman Clarence Liberty was re-elected as Councilman of Ward 2
- Trudy Dils was appointed to Councilwoman of Ward 3.
- Robert Hyatt was appointed to Councilman of Ward 4.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2023

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- Councilwoman Amanda Koren was re-elected to Ward 4.

Mayor Jerry Brown was impeached on February 2, 2023. The City Council voted to elect Mayor Pro Tem Sean A. Wilson to serve an unexpired one-year term as Mayor.

### **Looking Forward: Overview of the Fiscal Year Budget 2024:**

Although the financial condition of the City is stable, we are planning on a conservative budget for the FY 2024. We need to develop a fiscally conservative budget that still accomplishes the key goals of the city. We have several projects that we will have to budget for in 2024. Projects to be funded include our subdivision improvement program, expenditures involving the American Rescue Plan Act funds, street paving, cybersecurity & IT improvements, economic development projects, establishment of the dispatch communications department, and matching funds for several potential grant projects.

### **Contacting the City's Financial Management**

For additional information or questions, please contact any of the following officers at:

City of Waynesville  
100 Tremont Center  
Waynesville, Missouri 65583  
(573) 774-6171

John Doyle, City Administrator  
Michele Brown, City Clerk  
Amber Box, Finance Officer

# City of Waynesville

## Statement of Net Position

December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
<b>Assets</b>				
Current				
Cash and cash equivalents - unrestricted	\$ 2,756,363	\$ 1,834,585	\$ 4,590,948	\$ 23,487
Sales tax receivable	358,934	-	358,934	10,093
Ad valorem taxes receivable, net	259,295	-	259,295	-
Utilities receivable, net	-	1,004,532	1,004,532	-
Interest receivable	235	-	235	-
Other receivables	35,556	-	35,556	-
Accrued interest receivable	-	1,156	1,156	-
Intergovernmental receivable	211,008	-	211,008	-
Prepaid expenses	117,514	61,105	178,619	-
Inventory	-	841,240	841,240	-
Noncurrent				
Restricted cash and cash equivalents	2,065,767	896,444	2,962,211	-
Leases receivable	4,093,816	-	4,093,816	-
Note receivable	219,703	-	219,703	-
Capital assets				
Non-depreciable	7,649,953	3,729,417	11,379,370	-
Depreciable, net	18,908,966	11,313,919	30,222,885	289,791
Right-to-use assets, net	205,613	-	205,613	-
<b>Total Assets</b>	<b>36,882,723</b>	<b>19,682,398</b>	<b>56,565,121</b>	<b>323,371</b>
<b>Deferred Outflows of Resources</b>				
Deferred refunding charges	3,065	17,366	20,431	-
Deferred pension outflow	716,093	204,912	921,005	-
<b>Total Deferred Outflows of Resources</b>	<b>719,158</b>	<b>222,278</b>	<b>941,436</b>	<b>-</b>

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Net Position

December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
<b>Liabilities</b>				
Current				
Accounts payable	367,879	640,355	1,008,234	-
Accrued expenses	99,768	32,850	132,618	-
Customer deposits payable	-	749,137	749,137	-
Unearned revenue	908,974	-	908,974	-
Accrued interest payable	73,332	52,243	125,575	-
Current maturities of long-term debt	950,534	895,583	1,846,117	29,015
	2,400,487	2,370,168	4,770,655	29,015
Noncurrent				
Bonds payable	-	1,865,000	1,865,000	-
MAMU lease payable, net	-	73,000	73,000	-
Certificates of participation, net	10,390,207	4,857,995	15,248,202	-
Finance Purchase payable	73,867	-	73,867	-
Lease obligations	157,543	-	157,543	-
MUELP loan	-	146,433	146,433	-
Note payable	-	-	-	190,688
Net pension liability	230,182	91,320	321,502	-
Compensated absences payable	201,007	91,291	292,298	-
	11,052,806	7,125,039	18,177,845	190,688
<b>Total Liabilities</b>	13,453,293	9,495,207	22,948,500	219,703
<b>Deferred Inflows of Resources</b>				
Deferred inflows - leases	4,089,665	-	4,089,665	-
Deferred pension inflows	49,097	58,577	107,674	-
<b>Total Deferred Inflows of Resources</b>	4,138,762	58,577	4,197,339	-
<b>Net Position</b>				
Net investment in capital assets	15,947,035	7,466,746	23,413,781	70,088
Restricted	1,258,768	147,307	1,406,075	-
Unrestricted	2,804,023	2,736,839	5,540,862	33,580
<b>Total Net Position</b>	\$ 20,009,826	\$ 10,350,892	\$ 30,360,718	\$ 103,668

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Net (Expenses), Revenues, and Changes in Net Position							
	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Primary Government								
Governmental Activities								
City hall	\$ (1,581,036)	\$ 48,446	\$ 90,434	\$ -	\$ (1,442,156)	\$ -	\$ (1,442,156)	
Fire	(257,905)	-	-	-	(257,905)	-	(257,905)	
Public safety	(1,065,624)	50,168	35,103	-	(980,353)	-	(980,353)	
Municipal court	(125,213)	-	-	-	(125,213)	-	(125,213)	
Street	(653,713)	31,297	3,340	-	(619,076)	-	(619,076)	
Park and pool	(401,583)	138,413	-	81,770	(181,400)	-	(181,400)	
Cemetery	(807)	3,000	-	-	2,193	-	2,193	
Airport	(1,081,547)	617,050	-	1,013,889	549,392	-	549,392	
Animal shelter	(441,488)	142,156	23,294	-	(276,038)	-	(276,038)	
Building department	(371,938)	87,272	-	-	(284,666)	-	(284,666)	
Dispatch	(77,991)	-	-	-	(77,991)	-	(77,991)	
Debt service	(339,096)	404,744	-	-	65,648	-	65,648	
<b>Total Governmental</b>	<u>(6,397,941)</u>	<u>1,522,546</u>	<u>152,171</u>	<u>1,095,659</u>	<u>(3,627,565)</u>	<u>-</u>	<u>(3,627,565)</u>	
Business-Type Activities								
Electric service	(5,596,665)	7,453,353	-	65,000	-	1,921,688	1,921,688	
Water and sewer service	(1,547,413)	2,806,296	-	30,000	-	1,288,883	1,288,883	
Trash service	(559,051)	614,305	-	-	-	55,254	55,254	
Natural gas service	(1,199,964)	1,552,017	-	15,000	-	367,053	367,053	
<b>Total Business-Type</b>	<u>(8,903,093)</u>	<u>12,425,971</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>3,632,878</u>	<u>3,632,878</u>	
<b>Total Primary Government</b>	<u>\$ (15,301,034)</u>	<u>\$ 13,948,517</u>	<u>\$ 152,171</u>	<u>\$ 1,205,659</u>	<u>(3,627,565)</u>	<u>3,632,878</u>	<u>5,313</u>	

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Activities

Year Ended December 31, 2023

Component Unit Westgate Community Improvement District	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			Component Unit Westgate Community Improvement District		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-Type Activities		Total	
	\$ (39,577)	\$ -	\$ -	\$ -			\$ (39,577)		
		General Revenues							
					1,990,427	-	1,990,427	73,008	
					514,890	-	514,890	-	
					275,919	-	275,919	-	
					53,328	-	53,328	-	
					154,435	162,646	317,081	-	
					132,781	-	132,781	-	
					2,060,740	(2,060,740)	-	-	
					<b>5,182,520</b>	<b>(1,898,094)</b>	<b>3,284,426</b>	<b>73,008</b>	
					<i>Changes in Net Position</i>	1,554,955	1,734,784	3,289,739	33,431
					18,454,871	8,616,108	27,070,979	70,237	
					<b>\$ 20,009,826</b>	<b>\$10,350,892</b>	<b>\$ 30,360,718</b>	<b>\$ 103,668</b>	

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Balance Sheet – Governmental Funds

December 31, 2023

	Special Revenue Funds				Total Governmental Funds
	General Fund	Park and Pool Fund	Community Improvement District Fund	Debt Service Fund	
<b>Assets</b>					
Cash and cash equivalents - unrestricted	\$ 970,459	\$ 1,521,872	\$ 264,032	\$ -	\$ 2,756,363
Ad valorem taxes receivable, net	259,295	-	-	-	259,295
Sales tax receivable	273,945	84,989	-	-	358,934
Leases receivable	4,093,816	-	-	-	4,093,816
Interest receivable	235	-	-	-	235
Other receivable	35,556	-	-	-	35,556
Intergovernmental receivable	211,008	-	-	-	211,008
Note receivable	-	-	219,703	-	219,703
Prepaid expenses	115,574	1,940	-	-	117,514
Restricted cash and cash equivalents	1,558,588	28,131	-	479,048	2,065,767
<b>Total Assets</b>	<b>\$ 7,518,476</b>	<b>\$ 1,636,932</b>	<b>\$ 483,735</b>	<b>\$ 479,048</b>	<b>\$ 10,118,191</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 331,349	\$ 36,530	\$ -	\$ -	\$ 367,879
Accrued expenses	93,592	6,176	-	-	99,768
Unearned revenue	908,974	-	-	-	908,974
<b>Total Liabilities</b>	1,333,915	42,706	-	-	1,376,621
<b>Deferred Inflows of Resources</b>					
Deferred inflow - leases	4,089,665	-	-	-	4,089,665
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepaid items	115,574	1,940	-	-	117,514
<b>Restricted for</b>					
Specific purchases from donations	-	28,131	-	-	28,131
Debt service	-	-	-	479,048	479,048
Building projects	751,589	-	-	-	751,589
<b>Assigned to</b>					
Parks and pool	-	1,564,155	-	-	1,564,155
Community improvement	-	-	483,735	-	483,735
Unassigned	1,227,733	-	-	-	1,227,733
<b>Total Fund Balances</b>	2,094,896	1,594,226	483,735	479,048	4,651,905
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 7,518,476</b>	<b>\$ 1,636,932</b>	<b>\$ 483,735</b>	<b>\$ 479,048</b>	<b>\$ 10,118,191</b>

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2023

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Fund balance - total governmental funds	\$ 4,651,905
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	36,499,484
Less: Accumulated depreciation and amortization	<u>(9,734,952)</u>
	26,764,532
The net pension asset and deferred costs are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension (liability)	(230,182)
Deferred pension outflows	716,093
Deferred pension inflows	<u>(49,097)</u>
	436,814
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(73,332)
Long-term liabilities net of refunding charges are not due and payable in the current period and therefore are not reported in the funds	<u>(11,770,093)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 20,009,826</u></u></b>

See accompanying Notes to the Financial Statements.



# City of Waynesville

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

December 31, 2023

	Special Revenue Funds				Total Governmental Funds
	General Fund	Park and Pool Fund	Community Improvement District Fund	Debt Service Fund	
<b>Revenues</b>					
Taxes	\$ 2,298,549	\$ 536,015	\$ -	\$ -	\$ 2,834,564
Licenses and permits	109,653	-	-	-	109,653
Intergovernmental revenues	1,145,646	81,770	-	-	1,227,416
Fines and forfeitures	50,168	-	-	-	50,168
Charges for services	819,568	132,113	-	404,744	1,356,425
Donations	20,414	-	-	-	20,414
Miscellaneous	236,093	9,073	20,859	22,991	289,016
<b>Total Revenues</b>	<b>4,680,091</b>	<b>758,971</b>	<b>20,859</b>	<b>427,735</b>	<b>5,887,656</b>
<b>Expenditures</b>					
Current					
City hall	1,370,196	-	-	-	1,370,196
Fire	257,905	-	-	-	257,905
Public safety	1,024,101	-	-	-	1,024,101
Municipal court	126,845	-	-	-	126,845
Street	406,507	-	-	-	406,507
Park and pool	-	303,859	-	-	303,859
Airport	771,632	-	-	-	771,632
Animal shelter	432,776	-	-	-	432,776
Building department	375,882	-	-	-	375,882
Dispatch	74,534	-	-	-	74,534
Capital outlay	2,138,330	135,853	-	-	2,274,183
Debt service					
Principal, interest, and fees	513,441	-	-	701,306	1,214,747
<b>Total Expenditures</b>	<b>7,492,149</b>	<b>439,712</b>	<b>-</b>	<b>701,306</b>	<b>8,633,167</b>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(2,812,058)	319,259	20,859	(273,571)	(2,745,511)
<b>Other Financing Sources (Uses)</b>					
Sale of property	4,500	-	-	-	4,500
Operating transfers in (out)	1,676,302	-	-	384,438	2,060,740
<b>Total Other Financing Sources (Uses)</b>	<b>1,680,802</b>	<b>-</b>	<b>-</b>	<b>384,438</b>	<b>2,065,240</b>
<i>Net Change in Fund Balance</i>	(1,131,256)	319,259	20,859	110,867	(680,271)
Fund Balance, January 1, as restated	3,226,152	1,274,967	462,876	368,181	5,332,176
<b>Fund Balance, December 31</b>	<b>\$ 2,094,896</b>	<b>\$ 1,594,226</b>	<b>\$ 483,735</b>	<b>\$ 479,048</b>	<b>\$ 4,651,905</b>

See accompanying Notes to the Financial Statements.

## City of Waynesville

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2023

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Net change in fund balances - total governmental funds	\$ (680,271)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation for the year.

Capital outlay	2,283,980
Depreciation and amortization	(745,571)
	<u>1,538,409</u>

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding bonds whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.

Repayment of principal on long-term debt and leases	894,947
Lease proceeds	(230,062)
Change in interest payable	4,153
	<u>669,038</u>

Some revenues and expenditures reported in the governmental funds represent the current financial resources and uses and were recognized in the Statement of Activities when incurred.

Change in pension related costs	39,980
Change in compensated absences	(12,201)
	<u>27,779</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 1,554,955</u></u>

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Net Position – Proprietary Funds

December 31, 2023

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Assets</b>					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 409,284	\$ 485,916	\$ 241,114	\$ 698,271	\$ 1,834,585
Utilities receivable, net	531,893	252,149	53,166	167,324	1,004,532
Accrued interest receivable	412	744	-	-	1,156
Inventory	700,251	83,326	-	57,663	841,240
Prepaid assets	27,906	31,657	-	1,542	61,105
<b>Total Current Assets</b>	<b>1,669,746</b>	<b>853,792</b>	<b>294,280</b>	<b>924,800</b>	<b>3,742,618</b>
Noncurrent Assets					
Cash and cash equivalents - restricted	483,564	321,536	27,925	63,419	896,444
Capital assets					
Non-depreciable	1,482,433	2,134,879	-	112,105	3,729,417
Depreciable, net	2,013,303	8,556,566	-	744,050	11,313,919
<b>Total Noncurrent Assets</b>	<b>3,979,300</b>	<b>11,012,981</b>	<b>27,925</b>	<b>919,574</b>	<b>15,939,780</b>
<b>Total Assets</b>	<b>5,649,046</b>	<b>11,866,773</b>	<b>322,205</b>	<b>1,844,374</b>	<b>19,682,398</b>
<b>Deferred Outflows of Resources</b>					
Deferred refunding charges	5,516	9,807	-	2,043	17,366
Deferred pension outflow	80,795	95,429	-	28,688	204,912
<b>Total Deferred Outflows of Resources</b>	<b>86,311</b>	<b>105,236</b>	<b>-</b>	<b>30,731</b>	<b>222,278</b>

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Net Position – Proprietary Funds

December 31, 2023

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Liabilities</b>					
Current Liabilities					
Accounts payable	393,189	50,768	85,996	110,402	640,355
Accrued expenses	13,417	14,134	-	5,299	32,850
Accrued interest payable	14,378	36,790	-	1,075	52,243
Customer deposits	483,564	174,229	27,925	63,419	749,137
Current portion of long-term debt	269,677	600,368	-	25,538	895,583
<b>Total Current Liabilities</b>	<b>1,174,225</b>	<b>876,289</b>	<b>113,921</b>	<b>205,733</b>	<b>2,370,168</b>
Long-Term Liabilities					
Revenue bonds payable	-	1,865,000	-	-	1,865,000
MAMU lease payable	23,360	48,910	-	730	73,000
Certificates of participation payable, net	1,971,149	2,747,668	-	139,178	4,857,995
MUELP loan payable	146,433	-	-	-	146,433
Net pension liability	35,496	43,231	-	12,593	91,320
Compensated absences payable	54,026	28,818	-	8,447	91,291
<b>Total Long-Term Liabilities</b>	<b>2,230,464</b>	<b>4,733,627</b>	<b>-</b>	<b>160,948</b>	<b>7,125,039</b>
<b>Total Liabilities</b>	<b>3,404,689</b>	<b>5,609,916</b>	<b>113,921</b>	<b>366,681</b>	<b>9,495,207</b>
<b>Deferred Inflows of Resources</b>					
Deferred pension inflows	47,094	8,893	-	2,590	58,577
<b>Net Position</b>					
Net investment in capital assets	1,334,688	5,439,306	-	692,752	7,466,746
Restricted	-	147,307	-	-	147,307
Unrestricted	948,886	766,587	208,284	813,082	2,736,839
<b>Total Net Position</b>	<b>\$ 2,283,574</b>	<b>\$ 6,353,200</b>	<b>\$ 208,284</b>	<b>\$ 1,505,834</b>	<b>\$ 10,350,892</b>

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended December 31, 2023

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Operating Revenues</b>					
Charges for services	\$ 7,392,708	\$ 2,429,687	\$ 614,305	\$ 1,331,282	\$ 11,767,982
Other charges	60,645	376,609	-	220,735	657,989
<b>Total Operating Revenues</b>	7,453,353	2,806,296	614,305	1,552,017	12,425,971
<b>Operating Expenses</b>					
Salaries and wages	264,274	266,228	-	72,634	603,136
Employee benefits	147,850	124,938	-	39,475	312,263
Materials and supplies	113,538	143,855	-	45,167	302,560
Electric current	4,540,423	-	-	-	4,540,423
Hauling and recycling charges	-	-	556,044	-	556,044
Repairs and maintenance	63,521	203,151	813	-	267,485
Gas purchases	-	-	-	903,064	903,064
Travel, meetings and dues	10,754	30,448	-	4,566	45,768
Contract and professional services	129,502	84,281	-	21,490	235,273
Depreciation	146,209	393,738	-	84,561	624,508
Administrative	81,085	133,273	-	22,079	236,437
Other operating expenses	36,211	24,326	2,194	3,132	65,863
<b>Total Operating Expenses</b>	5,533,367	1,404,238	559,051	1,196,168	8,692,824
<i>Operating Income</i>	1,919,986	1,402,058	55,254	355,849	3,733,147
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	129,142	31,508	-	1,996	162,646
Interest expense	(63,298)	(143,175)	-	(3,796)	(210,269)
<b>Total Nonoperating Revenues (Expenses)</b>	65,844	(111,667)	-	(1,800)	(47,623)
<i>Income Before Contributions and Operating Transfers</i>	1,985,830	1,290,391	55,254	354,049	3,685,524
<b>Contributions and Transfers</b>					
Capital grants - state	65,000	30,000	-	15,000	110,000
Operating Transfers In (Out)	(1,177,688)	(579,072)	(68,000)	(235,980)	(2,060,740)
<b>Net Contributions and Transfers</b>	(1,112,688)	(549,072)	(68,000)	(220,980)	(1,950,740)
<i>Changes in Net Position</i>	873,142	741,319	(12,746)	133,069	1,734,784
Net Position, January 1, as restated	1,410,432	5,611,881	221,030	1,372,765	8,616,108
<b>Net Position, December 31</b>	\$ 2,283,574	\$ 6,353,200	\$ 208,284	\$ 1,505,834	\$ 10,350,892

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2023

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 7,215,898	\$ 2,931,983	\$ 613,386	\$ 1,662,937	\$ 12,424,204
Cash paid to suppliers	(5,603,448)	(640,773)	(529,190)	(1,055,806)	(7,829,217)
Cash paid to employees	(385,122)	(413,566)	-	(114,863)	(913,551)
<b>Net Cash Provided by Operating Activities</b>	1,227,328	1,877,644	84,196	492,268	3,681,436
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers (to) from other funds	(1,177,688)	(579,072)	(68,000)	(235,980)	(2,060,740)
<b>Net Cash (Used) by Noncapital Financing Activities</b>	(1,177,688)	(579,072)	(68,000)	(235,980)	(2,060,740)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(1,607,184)	(728,084)	-	(110,628)	(2,445,896)
Payment of principal on debt obligations	(280,773)	(588,647)	-	(258,598)	(1,128,018)
Grant proceeds	65,000	30,000	-	15,000	110,000
Payment of interest expense	(59,966)	(142,949)	-	(4,712)	(207,627)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	(1,882,923)	(1,429,680)	-	(358,938)	(3,671,541)
<b>Cash Flows from Investing Activities</b>					
Interest received	129,142	31,508	-	1,996	162,646
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1,704,141)	(99,600)	16,196	(100,654)	(1,888,199)
Cash and Cash Equivalents, Beginning of year	2,596,989	907,052	252,843	862,344	4,619,228
<b>Cash and Cash Equivalents, End of year</b>	892,848	807,452	269,039	761,690	2,731,029
Less Restricted Cash and Cash Equivalents	483,564	321,536	27,925	63,419	896,444
<b>Unrestricted Cash and Cash Equivalents</b>	\$ 409,284	\$ 485,916	\$ 241,114	\$ 698,271	\$ 1,834,585

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2023

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income	\$ 1,919,986	\$ 1,402,058	\$ 55,254	\$ 355,849	\$ 3,733,147
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	146,209	393,738	-	84,561	624,508
(Increase) decrease in					
Utilities receivable, net	23,870	(46,678)	(919)	47,742	24,015
Prepaid expenses	(1,602)	(1,864)	-	(241)	(3,707)
Inventory	(379,166)	(27,248)	-	9,185	(397,229)
Deferred pension outflows	(21,581)	(26,284)	-	(7,657)	(55,522)
Increase (decrease) in					
Net pension liability	64,773	44,380	-	12,593	121,746
Accounts payable	(249,248)	5,809	1,936	(65,493)	(306,996)
Accrued expenses	(10,021)	(15,552)	-	(270)	(25,843)
Customer deposits	(259,723)	174,229	27,925	63,419	5,850
Compensated absences payable	11,416	4,523	-	2,162	18,101
Deferred pension inflows	(17,585)	(29,467)	-	(9,582)	(56,634)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,227,328</b>	<b>\$ 1,877,644</b>	<b>\$ 84,196</b>	<b>\$ 492,268</b>	<b>\$ 3,681,436</b>

See accompanying Notes to the Financial Statements.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

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### 1. Summary of Significant Accounting Policies

The City of Waynesville, Missouri, (the City) was established in 1833, and operates under the provisions of the State of Missouri. The City operates under a Council – Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture - recreation, public improvements, planning, and general administrative services. Other services include electric, natural gas and waterworks services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

#### Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

#### Component Unit

##### *Westgate Community Improvement District*

Approved in 2009, the Westgate Community Improvement District, which is governed by a Board of Directors, provides support for financing improvements in the Westgate District. The formation of the District allows for the authorization of an additional 1% sales tax to make public improvements that will benefit the District and the City as a whole. This 1% sales tax was approved by the voters within the District.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component unit have been included as a discretely presented component unit.

#### Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.



# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

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### *Government-Wide Financial Statements*

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

### *Fund Financial Statements*

Separate fund financial statements report information on the City's governmental and enterprise funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

*General Fund:* The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Park and Pool Fund:* The Park and Pool Fund of the City is used to account for resources restricted, committed or assigned for city parks and recreation.

*Community Improvement District (CID) Fund:* The CID Fund of the City is used to account for resources transferred to begin and continue projects within the Westgate CID and restricted for community improvement district related projects. A one-cent sales tax has been approved for businesses operating within the CID.

*Debt Service Fund:* The Debt Service Fund of the City is used to account for the 2017 Certificates of Participation funds restricted, committed or assigned for the retirement of principal and interest on the debt issue.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

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The City reports the following major proprietary funds:

*Electric Fund:* The Electric Fund of the City is used to account for the activities and capital improvements of the City's electric operations.

*Water and Wastewater Fund:* The Water and Wastewater Fund of the City is used to account for the activities and capital improvements of the City's water and sewer operations.

*Natural Gas Fund:* The Natural Gas Fund of the City is used to account for the activities and capital improvements of the City's gas operations.

*Trash Fund:* The Trash Fund of the City is used to account for the activities and capital improvements of the City's solid waste operations.

### Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	25-50 years
Electric distribution system	30-50 years
Sewer lines and treatment plant	30-50 years
Waterworks system	30-50 years
Gas distribution system	30-50 years
Equipment	5-10 years
Improvements	10-20 years
Other infrastructure	10-50 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

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### **Cash and Cash Equivalents**

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### **Inventories**

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

### **Unearned Revenue**

This is future revenue received for unspent grant proceeds and payments in lieu of taxes and will be recognized as income when earned.

### **Compensated Absences**

Employees earn vacation time based on the number of years of service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Revenue Recognition – Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net asset that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has two items that qualify for reporting in this category, deferred amounts relating to the pension plan and deferred charges relating to debt refunding.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net asset or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City's governmental activities reports deferred inflows related to pension and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

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### **Program Revenues**

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

### **Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services producing and delivering goods and services. All other revenue expenses are considered nonoperating.

### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Leases**

The City leases its vehicle fleet. The City recognizes an intangible right-of-use lease asset and a lease liability.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The lease assets are reported with capital assets and lease liabilities are reported with noncurrent liabilities on the Statement of Net Position.

The City is a lessor for the lease of a water tower and building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

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### Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance:* This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Restricted fund balance:* This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance:* This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council.

*Assigned fund balance:* This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance:* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

### Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Net Investment in Capital Assets:* This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted:* This consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted:* This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### 2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2023, all bank balances on deposit are entirely insured or collateralized.

### 3. Restricted Assets

#### Governmental Activities

Cash and cash equivalents and fund balance/net position have been restricted in the following funds:

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Fund Balance/ Net Position</b>
<b>General Fund</b>		
ARPA Funds	\$ 806,999	\$ -
Series 2021 COP projects	751,589	751,589
	1,558,588	751,589
<b>Park and Pool Fund</b>		
Specific purchases from donations	28,131	28,131
<b>Debt Service Fund</b>		
2011B COP reserves	479,048	479,048
<b>Total Governmental Activities</b>	\$ 2,065,767	\$ 1,258,768

#### Enterprise Funds

Cash and cash equivalents and net position have been restricted in the following Enterprise Funds as follows:

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Net Position</b>
<b>Electric Fund</b>		
Customer meter deposits	\$ 483,564	\$ -
<b>Water and Wastewater Fund</b>		
Series 2011 principal account	130,042	130,042
Series 2011 interest account	17,265	17,265
Customer meter deposits	174,229	-
	321,536	147,307
<b>Natural Gas Fund</b>		
Customer meter deposits	63,419	-
<b>Trash Fund</b>		
Customer meter deposits	27,925	-
<b>Total Business-Type Activities</b>	\$ 896,444	\$ 147,307

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### 4. Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
<b>Ad Valorem Taxes Receivable</b>			
General Fund	\$ 276,803	\$ (17,508)	\$ 259,295
<b>Utilities Receivable</b>			
Enterprise Funds			
Electric Fund	\$ 549,360	\$ (17,467)	\$ 531,893
Water and Wastewater Fund	258,488	(6,339)	252,149
Trash Fund	54,330	(1,164)	53,166
Natural Gas Fund	171,569	(4,245)	167,324
	\$ 1,033,747	\$ (29,215)	\$ 1,004,532

### 5. Long-Term Liabilities – Business-Type Activities

#### Revenue Bonds

The Combined Waterworks and Sewerage System Revenue Bonds, State of Missouri – Direct Loan Program, Series 2011, were approved for issuance in the principal amount not to exceed \$4,750,000 in direct borrowing for the purpose of acquiring, constructing, extending and improving the City’s combined waterworks and sewerage system. The 2011 bonds bear interest at 1.65% with principal payments due January 1 and interest payments due January 1 and July 1 of each year. The bonds also require a semi-annual administrative fee of 5% of the outstanding principal balance of the bonds as of the business day preceding each interest payment date. The bonds may be called for redemption prior to stated maturity at the option of the City with prior written consent at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, under provisions outlined in the bond ordinance. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents which may include, but is not limited to, the payment of damages, penalties, interest fees and expenses. The City had issued \$4,557,602 of the available bonds at December 31, 2023.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

The bonds outstanding at December 31, 2023, are due as follows:

Year Ending December 31,	Direct Placement			Total
	Principal	Interest	Administrative Fee	
2024	\$ 259,000	\$ 33,916	\$ 20,555	\$ 313,471
2025	266,000	29,617	17,950	313,567
2026	273,000	25,195	15,270	313,465
2027	280,000	20,666	12,525	313,191
2028	288,000	16,013	9,705	313,718
2029	296,000	11,228	6,805	314,033
2030	304,000	6,311	3,825	314,136
2031	158,000	1,270	770	160,040
	\$ 2,124,000	\$ 144,216	\$ 87,405	\$ 2,355,621

### Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP. The Certificates of Participation were issued in the principal amount of \$2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2023, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 205,000	\$ 12,063	\$ 217,063
2025	210,000	7,523	217,523
2026	215,000	2,580	217,580
	\$ 630,000	\$ 22,166	\$ 652,166

### Amount recorded in

Electric Fund	\$ 170,100
Water and Wastewater Fund	302,400
Natural Gas Fund	63,000
Governmental Activities	94,500
<b>Total</b>	<b>\$ 630,000</b>



# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The COP were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2017 A and B certificates bear interest of 1.77% to 3.50% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2023 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 145,000	\$ 76,450	\$ 221,450
2025	150,000	72,025	222,025
2026	155,000	67,450	222,450
2027	160,000	62,725	222,725
2028	165,000	57,850	222,850
2029	165,000	52,900	217,900
2030	170,000	47,875	217,875
2031	180,000	42,625	222,625
2032	185,000	37,035	222,035
2033	190,000	31,175	221,175
2034	195,000	24,916	219,916
2035	200,000	18,250	218,250
2036	210,000	11,200	221,200
2037	215,000	3,762	218,762
	\$ 2,485,000	\$ 606,238	\$ 3,091,238

**Amount recorded in**

Electric Fund	\$ 445,481
Water and Wastewater Fund	1,340,239
Natural Gas Fund	33,548
Governmental Activities	665,732
<b>Total</b>	<b>\$ 2,485,000</b>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

On June 3, 2021, the City issued Series 2021A and B Certificates of Participation (COP) for the purpose of prepaying the City's outstanding principal Series 2014 Certificates of Participation, prepaying the outstanding principal on the 2020 Bridge Loan, and furnishing certain capital improvements. The COP were issued in the principal amount of \$6,290,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2021 A and B certificates bear interest of 0.70% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year.

The Series 2021A certificates outstanding at December 31, 2023 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 100,000	\$ 103,150	\$ 203,150
2025	70,000	101,150	171,150
2026	45,000	99,750	144,750
2027	50,000	98,850	148,850
2028	50,000	97,850	147,850
2029	50,000	96,850	146,850
2030	30,000	95,850	125,850
2031	180,000	94,950	274,950
2032	260,000	89,550	349,550
2033	270,000	81,750	351,750
2034	275,000	73,650	348,650
2035	285,000	65,400	350,400
2036	295,000	56,850	351,850
2037	300,000	48,000	348,000
2038	310,000	39,000	349,000
2039	320,000	29,700	349,700
2040	330,000	20,100	350,100
2041	340,000	10,200	350,200
	<u>\$ 3,560,000</u>	<u>\$ 1,302,600</u>	<u>\$ 4,862,600</u>
<b>Amount recorded in</b>			
Electric Fund			\$ 1,297,976
Water and Wastewater Fund			864,368
Natural Gas Fund			62,656
Governmental Activities			1,335,000
<b>Total</b>			<u>\$ 3,560,000</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

The Series 2021B certificates outstanding at December 31, 2023 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 255,000	\$ 40,525	\$ 295,525
2025	290,000	37,848	327,848
2026	320,000	33,787	353,787
2027	320,000	28,668	348,668
2028	325,000	22,428	347,428
2029	335,000	15,440	350,440
2030	215,000	7,400	222,400
2031	75,000	2,024	77,024
	\$ 2,135,000	\$ 188,120	\$ 2,323,120
<b>Amount recorded in</b>			
Electric Fund			\$ 100,558
Water and Wastewater Fund			435,753
Governmental Activities			1,598,689
<b>Total</b>			<b>\$ 2,135,000</b>

### Missouri Association of Municipal Utilities Agreements

The 2005 Missouri Association of Municipal Utilities agreement was a direct borrowing agreement issued in the principal amount of \$1,886,000 to fund a capital improvements project. The agreement has been recorded in the Electric, Water and Wastewater, and Gas Funds in the amounts of \$603,500 (32%), \$1,263,600 (67%) and \$18,900 (1%), respectively. In the event of default, the debt issuer has the right to declare all remaining payments immediately due and payable, retake possession of the equipment, and/or sell or lease the equipment with the City remaining liable for the outstanding balance on the agreement. The agreement bears interest at 3.00% with principal and interest payments due each month. The outstanding payments at December 31, 2023, are due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 132,000	\$ 5,344	\$ 137,344
2025	73,000	801	73,801
	\$ 205,000	\$ 6,145	\$ 211,145
<b>Amount recorded in</b>			
Electric Fund			\$ 65,600
Water and Wastewater Fund			137,350
Natural Gas Fund			2,050
<b>Total</b>			<b>\$ 205,000</b>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### Municipal Utility Emergency Loan Program

In February of 2021, an extreme weather event, called a Polar Vortex, brought freezing temperatures and large amounts of snowfall. The Polar Vortex caused a major influx in utility consumption across the United States. Due to this influx, the City received a bill much larger than usual. On May 13, 2021, the House signed the Municipal Utility Emergency Loan Program into action. It is an interest free loan program for municipal utilities for wholesale electricity and natural gas cost incurred as a result of extraordinary prices between February 10, 2021 and February 20, 2021, to be loaned on a first-come first-served basis to any natural gas or electric municipal utility established pursuant to Chapter 91 RSMo or any municipal utility commission established pursuant to 393.700 RSMo, with a payback period of no more than five years. The outstanding payments at December 31, 2023, are due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 97,622	\$ -	\$ 97,622
2025	97,622	-	97,622
2026	48,812	-	48,812
	\$ 244,056	\$ -	\$ 244,056

A summary of the changes in Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2023, is as follows:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amount Due Within One Year
<b>Water and Wastewater Fund</b>					
Direct Placement					
2011 Revenue Bonds	\$ 2,376,000	\$ -	\$ 252,000	\$ 2,124,000	\$ 259,000
Certificates of Participation					
Series 2016	396,000	-	93,600	302,400	98,400
Series 2017A/B	1,415,167	-	74,928	1,340,239	78,203
Series 2021A	895,932	-	31,564	864,368	24,279
Series 2021B	480,655	-	44,902	435,753	52,046
Add:					
Premium on COP's	61,049	-	3,213	57,836	-
	3,248,803	-	248,207	3,000,596	252,928
Direct Borrowings					
2005A MAMU Agreement	225,790	-	88,440	137,350	88,440
Compensated Absences	24,295	4,523	-	28,818	-
	5,874,888	4,523	588,647	5,290,764	600,368

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amount Due Within One Year
<b>Electric Fund</b>					
Certificates of Participation					
Series 2016	222,750	-	52,650	170,100	55,350
Series 2017A/B	471,157	-	25,676	445,481	25,994
Series 2021A	1,345,374	-	47,398	1,297,976	36,460
Series 2021B	110,920	-	10,362	100,558	12,011
Add:					
Premium on COP's	91,674	-	4,825	86,849	-
	2,241,875	-	140,911	2,100,964	129,815
Direct Borrowings					
2005A MAMU Agreement	107,840	-	42,240	65,600	42,240
MUELP loan	341,678	-	97,622	244,056	97,622
Compensated Absences	42,610	11,416	-	54,026	-
	2,734,003	11,416	280,773	2,464,646	269,677
<b>Natural Gas Fund</b>					
Certificates of Participation					
Series 2016	82,500	-	19,500	63,000	20,500
Series 2017A/B	35,438	-	1,890	33,548	1,958
Series 2021A	64,944	-	2,288	62,656	1,760
Add:					
Premium on COP's	4,425	-	233	4,192	-
	187,307	-	23,911	163,396	24,218
Direct Borrowing					
2005A MAMU Agreement	3,370	-	1,320	2,050	1,320
MUELP loan	233,600	-	233,600	-	-
Compensated Absences	6,285	2,162	-	8,447	-
	430,562	2,162	258,831	173,893	25,538
	\$ 9,039,453	\$ 18,101	\$ 1,128,251	\$ 7,929,303	\$ 895,583

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

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### 6. Long-Term Liabilities – Governmental Activities

#### Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP, which refunded the Series 1999A and 1999B Tax Increment Revenue Bonds, 2000A, 2000B and 2004A Tax Increment Allocation Bonds and to pay the costs of public facilities projects. The Certificates of Participation were issued in the principal amount of \$2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this debt issuance has been presented as a component of Note 5.

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The COPs were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2017A and B certificates bear interest of 1.77% to 3.50% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 5.

December 28, 2017, the City issued Series 2017C Certificates of Participation (COP) for the purpose of refunding the Series 2011A COP. The Certificates of Participation were issued in the principal amount of \$9,455,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2017C certificates bear interest a 2.00% to 3.5% with principal payments due April 15 and interest payments due April 15 and October 15 of each year. Ozarks Technical Community College will pay rental payments equivalent to approximately 58% of principal and interest payments on the Series 2017C COP for the OTC Waynesville Center.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

The Series 2017C COP outstanding at December 31, 2023 are due as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 475,000	\$ 227,281	\$ 702,281
2025	490,000	212,806	702,806
2026	500,000	197,956	697,956
2027	515,000	183,375	698,375
2028	530,000	168,343	698,343
2029	550,000	152,143	702,143
2030	560,000	135,493	695,493
2031	575,000	117,750	692,750
2032	600,000	98,656	698,656
2033	615,000	78,528	693,528
2034	640,000	57,350	697,350
2035	655,000	35,088	690,088
2036	675,000	11,812	686,812
	<u>\$ 7,380,000</u>	<u>\$ 1,676,581</u>	<u>\$ 9,056,581</u>

On June 3, 2021, the City issued Series 2021A and B Certificates of Participation (COP) for the purpose of prepaying the City's outstanding principal Series 2014 Certificates of Participation, prepaying the outstanding principal on the 2020 Bridge Loan, and furnishing certain capital improvements. The Certificates were issued in the principal amount of \$6,290,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2021 A and B certificates bear interest of 0.70% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 5.

### Financed Purchases

On October 10, 2019, the City entered into a financed purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2018 Garsite Jet Aircraft Refueler for \$180,169. The agreement requires annual payments of \$31,705, which includes interest at 5.50%.

On August 20, 2020, the City entered into a financed purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2020 Peterbilt dump truck for \$134,900. The agreement required an initial payment of \$61,520 in November 2020 using funds received from a grant and annual payments of \$16,161 starting in 2021, which includes interest at 2.80%.

The financed purchases above are direct borrowing debt issuances. If the City defaults on the principal or interest on the agreements as they become due, the issuer may declare all of the indebtedness to be immediately due and payable or take possession of the equipment purchased with the proceeds.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

Although the agreements provide for cancellation of the agreements at the City's option at the renewal dates, the City does not foresee exercising its option to cancel. Therefore, the agreements are accounted for as noncancelable financed purchases.

The total annual minimum payments required at December 31, 2023, are as follows:

Year Ending December 31,	2018	2020	Total
	Garsite Refueler Financed Purchase	Peterbilt Dump Truck Financed Purchase	
2024	\$ 31,705	\$ 16,161	\$ 47,866
2025	31,705	16,161	47,866
2026	31,705	-	31,705
<b>Total Minimum Payments</b>	95,115	32,322	127,437
<b>Less Amount Representing Interest</b>	(9,617)	(1,627)	(11,244)
<b>Net Financed Purchases Payable</b>	<u>\$ 85,498</u>	<u>\$ 30,695</u>	<u>\$ 116,193</u>

### Missouri Transportation Finance Corporation Direct Loan

On October 17, 2013, the City entered into a direct borrowing loan agreement with the Missouri Transportation Finance Corporation (MTFC) in the total amount of \$1,020,420 at an interest rate of 2.28% to provide funding for the City's share of a cost share agreement with Missouri Highways and Transportation Commission to widen Historic Route 66. In the event of default, the MTFC may declare all remaining principal and interest amounts immediately due and payable, by mandamus or other suit, action or proceeding at law or in equity, to enforce its rights against the City to require and compel duties and obligations required by the provisions of this agreement, or take any other action at law or in equity to enforce this agreement.

The MTFC loan outstanding at December 31, 2023, is due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2024	<u>\$ 86,098</u>	<u>\$ 1,968</u>	<u>\$ 88,066</u>

### Leases

The City leases a portion of its vehicle fleet with Enterprise Fleet Management. The individual payment terms and lengths vary by each vehicle. Interest is deemed to be 3.00%. Amounts relating to the leases are reflected in the financial statements as right-to-use assets and lease liabilities.



# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

The lease obligation outstanding at December 31, 2023, is due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 49,070	\$ 5,527	\$ 54,597
2025	50,563	4,035	54,598
2026	42,571	2,604	45,175
2027	41,931	1,359	43,290
2028	22,478	317	22,795
	<u>\$ 206,613</u>	<u>\$ 13,842</u>	<u>\$ 220,455</u>

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2023, is as follows:

	<u>Balance December 31, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2023</u>	<u>Amounts Due Within One Year</u>
<b>Certificates of Participation</b>					
Series 2016	\$ 123,750	\$ -	\$ 29,250	\$ 94,500	\$ 30,750
Series 2017A/B	703,238	-	37,506	665,732	38,846
Series 2017C	7,840,000	-	460,000	7,380,000	475,000
Series 2021A	1,383,750	-	48,750	1,335,000	37,500
Series 2021B	1,763,425	-	164,736	1,598,689	190,944
Add:					
Premium on COP's	94,289	-	4,963	89,326	-
	<u>11,908,452</u>	<u>-</u>	<u>745,205</u>	<u>11,163,247</u>	<u>773,040</u>
<b>Direct Borrowings</b>					
Financed Purchases					
Garsite Refueler	111,079	-	25,581	85,498	27,001
2020 Peterbilt Dump Truck	45,596	-	14,901	30,695	15,325
MTFC Direct Loan	173,271	-	87,173	86,098	86,098
<b>Lease Obligation</b>	-	230,062	23,449	206,613	49,070
<b>Compensated Absences</b>	188,806	12,201	-	201,007	-
	<u>\$ 12,427,204</u>	<u>\$ 242,263</u>	<u>\$ 896,309</u>	<u>\$ 11,773,158</u>	<u>\$ 950,534</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### 7. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<b>Balance December 31, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2023</b>
<b>Governmental Activities</b>				
Non-depreciable capital assets				
Land	\$ 5,019,188	\$ 5,000	\$ -	\$ 5,024,188
Construction in progress	703,906	1,971,128	49,269	2,625,765
<b>Total non-depreciable capital assets</b>	5,723,094	<u>\$ 1,976,128</u>	<u>\$ 49,269</u>	7,649,953
Depreciable capital assets				
Building and improvements	11,669,073	\$ 118,186	\$ -	11,787,259
Machinery and equipment	2,124,906	120,940	70,460	2,175,386
Land improvements	2,426,572	-	-	2,426,572
Vehicles	968,467	58,931	104,146	923,252
Infrastructure	11,303,392	-	-	11,303,392
<b>Total depreciable capital assets</b>	28,492,410	<u>\$ 298,057</u>	<u>\$ 174,606</u>	28,615,861
Less accumulated depreciation	8,989,381	<u>\$ 892,120</u>	<u>\$ 174,606</u>	9,706,895
<b>Total depreciable capital assets, net</b>	19,503,029			18,908,966
Right-of-use Asset				
Vehicles leased asset	-	<u>\$ 233,670</u>	<u>\$ -</u>	233,670
Less accumulated amortization	-	<u>\$ 28,057</u>	<u>\$ -</u>	28,057
	-			205,613
<b>Total Governmental Activities Capital Assets, net</b>	<u>\$ 25,226,123</u>			<u>\$ 26,764,532</u>

Depreciation and amortization expense for governmental activities was charged to functions as follows:

Administrative	\$ 261,051
Public safety	19,238
Park and pool	54,921
Street	254,958
Airport	315,560
Animal Shelter	13,642
Cemetery	807
	<u>\$ 920,177</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
<b>Business-Type Activities</b>				
<i>Electric Fund</i>				
Non-depreciable capital assets:				
Land	\$ 270,899	\$ -	\$ -	\$ 270,899
Construction in progress	445,623	765,911	-	1,211,534
	716,522	\$ 765,911	\$ -	1,482,433
Depreciable capital assets:				
Electric distribution system	2,524,157	\$ -	\$ -	2,524,157
Vehicles	604,800	200,832	22,837	782,795
Equipment	1,238,663	115,370	37,776	1,316,257
Buildings and improvements	43,899	525,071	-	568,970
	4,411,519	\$ 841,273	\$ 60,613	5,192,179
Less accumulated depreciation	3,093,280	\$ 146,209	\$ 60,613	3,178,876
<b>Depreciable Capital Assets, net</b>	1,318,239			2,013,303
<i>Water and Wastewater Fund</i>				
Non-depreciable capital assets:				
Land	292,814	\$ -	\$ -	292,814
Construction in progress	1,443,719	603,570	205,224	1,842,065
	1,736,533	\$ 603,570	\$ 205,224	2,134,879
Depreciable capital assets				
Buildings and improvements	14,466	\$ -	\$ -	14,466
Distribution system	17,047,842	216,724	-	17,264,566
Equipment	1,192,748	113,014	16,540	1,289,222
Vehicles	237,981	-	20,398	217,583
	18,493,037	\$ 329,738	\$ 36,938	18,785,837
Less accumulated depreciation	9,872,471	\$ 393,738	\$ 36,938	10,229,271
<b>Depreciable Capital Assets, net</b>	8,620,566			8,556,566
<i>Natural Gas Fund</i>				
Non-depreciable capital assets:				
Construction in progress	60,551	\$ 54,121	\$ 2,567	112,105
Depreciable capital assets:				
Buildings and improvements	73,072	\$ -	\$ -	73,072
Distribution system	2,624,613	2,567	-	2,627,180
Equipment	305,013	56,507	-	361,520
Vehicles	14,668	-	3,749	10,919
	3,017,366	\$ 59,074	\$ 3,749	3,072,691
Less accumulated depreciation	2,247,829	\$ 84,561	\$ 3,749	2,328,641
<b>Depreciable Capital Assets, net</b>	769,537			744,050
<b>Total Business-Type Activities Capital Assets, net</b>	\$ 13,221,948			\$ 15,043,336

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

	<b>Balance December 31, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2023</b>
<b>Component Unit</b>				
<i>Westgate Community Improvement District</i>				
Depreciable capital assets				
Infrastructure	\$ 426,458	\$ -	\$ -	\$ 426,458
Less accumulated depreciation	122,452	<u>\$ 14,215</u>	<u>\$ -</u>	136,667
<b>Depreciable Capital Assets, net</b>	<u>\$ 304,006</u>			<u>\$ 289,791</u>

### 8. Agreement with Component Unit

In 2013, the Westgate Community Improvement District issued the Sales Tax Revenue Note, Series 2013 to reimburse the City for project costs in the amount of \$379,441. In 2017, the Westgate Community Improvement District added \$47,017 to this note. The note bears interest of 5.00%. The District will reimburse the City upon receipt of excess sales tax revenue. At December 31, 2023, the outstanding balance on the note is due and receivable as follows:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 29,015	\$ 10,985	\$ 40,000
2025	30,466	9,534	40,000
2026	31,989	8,011	40,000
2027	33,588	6,412	40,000
2028	35,268	4,732	40,000
2029	37,031	2,969	40,000
2030	22,346	1,117	23,463
	<u>\$ 219,703</u>	<u>\$ 43,760</u>	<u>\$ 263,463</u>

### 9. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	<b>2023</b>
<b>Assessed Valuation</b>	
Real estate	\$ 67,831,768
Personal property	12,360,037
<b>Total</b>	<u>\$ 80,191,805</u>
 <b>Tax Rate Per \$100 of Assessed Valuation</b>	
General Fund	<u>\$ .6306</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

The legal debt margin at December 31, 2023, was computed as follows:

	<b>General Obligation Bonds</b>		
	<b>Ordinary (1)</b>	<b>Additional (2)</b>	<b>Total</b>
Constitutional Debt Limit	\$ 8,019,181	\$ 8,019,181	\$ 16,038,362
General Obligation Bonds Payable	-	-	-
<b>Legal Debt Margin</b>	<b>\$ 8,019,181</b>	<b>\$ 8,019,181</b>	<b>\$ 16,038,362</b>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

## 10. Employee Pension Plan

### General Information about the Pension Plan

*Plan Description.* The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

*Benefits Provided.* LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<b>2023 Valuation</b>
Benefit multiplier	2.00% for life
Final average salary	3 years
Member contributions	0%

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

*Employees Covered by Benefit Terms.* At June 30, 2023, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	40	9	49
Inactive employees entitled to but not yet receiving benefits	27	8	35
Active employees	39	12	51
	<u>106</u>	<u>29</u>	<u>135</u>

*Contributions.* The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City's contribution rates are 20.1% (General) and 18.0% (Police) of annual covered payroll.

*Net Pension Asset/Liability.* The City's net pension asset/liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of February 28, 2023.

*Actuarial Assumptions.* The total pension liability in the February 28, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including inflation for General Division 2.75% to 6.55% including inflation for Police Division
Investment rate of return	7.00% net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

*Discount Rate.* The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

### Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>General Division</b>			
Balances at beginning of year	\$ 6,499,186	\$ 6,596,053	\$ (96,867)
Changes for the year			
Service cost	201,816	-	201,816
Interest	448,608	-	448,608
Difference between expected and actual experiences	336,490	-	336,490
Contributions - employer	-	368,950	(368,950)
Net investment income	-	230,612	(230,612)
Benefits paid, including refunds	(385,924)	(385,924)	-
Administrative expenses	-	(13,851)	13,851
Other changes	-	9,085	(9,085)
<i>Net Changes</i>	600,990	208,872	392,118
Balances at end of year	7,100,176	6,804,925	295,251

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

**Police Division**

Balances at beginning of year	1,881,059	2,004,939	(123,880)
Changes for the year			
Service cost	71,934	-	71,934
Interest	130,960	-	130,960
Difference between expected and actual experiences	111,451	-	111,451
Contributions - employer	-	99,185	(99,185)
Net investment income	-	69,420	(69,420)
Benefits paid, including refunds	(92,685)	(92,685)	-
Administrative expenses	-	(3,501)	3,501
Other changes	-	(890)	890
<i>Net Changes</i>	221,660	71,529	150,131
Balances at end of year	2,102,719	2,076,468	26,251
<b>Total Plan Balances at End of Year</b>	\$ 9,202,895	\$ 8,881,393	\$ 321,502

	<b>Net Pension</b>
	<b>Liability (Asset)</b>
Governmental Activities	\$ 230,182
Business-Type Activities	91,320
	\$ 321,502



# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following present the Net Pension Liability (Asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's Net Pension Liability (Asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	<b>1% Decrease 6.00%</b>	<b>Current Single Discount Rate Assumption 7.00%</b>	<b>1% Increase 8.00%</b>
<b>General Division</b>			
Total Pension Liability	\$ 8,097,076	\$ 7,100,176	\$ 6,284,856
Fiduciary Net Position	6,804,925	6,804,925	6,804,925
Net Pension Liability (Asset)	1,292,151	295,251	(520,069)
<b>Police Division</b>			
Total Pension Liability	2,412,382	2,102,719	1,849,543
Fiduciary Net Position	2,076,468	2,076,468	2,076,468
Net Pension Liability (Asset)	335,914	26,251	(226,925)
<b>Total Net Pension Liability (Asset)</b>	<b>\$ 1,628,065</b>	<b>\$ 321,502</b>	<b>\$ (746,994)</b>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the City recognized a pension expense of \$386,653. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred (Inflow) of Resources</u>	<u>Net Deferred (Inflow) Outflow of Resources</u>
<b>General Division</b>			
Differences in experiences	\$ 429,285	\$ (19,350)	\$ 409,935
Differences in assumptions	-	(41,384)	(41,384)
Excess (deficit) investment returns	46,712	-	46,712
Contributions subsequent to the measurement date*	186,505	-	186,505
	<u>662,502</u>	<u>(60,734)</u>	<u>601,768</u>
<b>Police Division</b>			
Differences in experiences	174,734	-	174,734
Differences in assumptions	-	(7,148)	(7,148)
Excess (deficit) investment returns	34,192	-	34,192
Contributions subsequent to the measurement date*	49,577	-	49,577
	<u>258,503</u>	<u>(7,148)</u>	<u>251,355</u>
<b>Total</b>	<u>\$ 921,005</u>	<u>\$ (67,882)</u>	<u>\$ 853,123</u>
Governmental Activities	\$ 716,093	\$ (49,097)	\$ 666,996
Business-Type Activities			
Electric Fund	80,795	(47,094)	33,701
Water and Wastewater Fund	95,429	(8,893)	86,536
Natural Gas Fund	28,688	(2,590)	26,098
	<u>204,912</u>	<u>(58,577)</u>	<u>146,335</u>
<b>Total</b>	<u>\$ 921,005</u>	<u>\$ (107,674)</u>	<u>\$ 813,331</u>

\*The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2024.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>General Net Deferred Outflows of Resources</u>	<u>Police Net Deferred Outflows of Resources</u>	<u>Total Net Deferred Outflows of Resources</u>
2024	\$ 77,632	\$ 55,313	\$ 132,945
2025	32,190	26,875	59,065
2026	230,971	79,937	310,908
2027	74,470	35,697	110,167
2028	-	3,956	3,956
	<u>\$ 415,263</u>	<u>\$ 201,778</u>	<u>\$ 617,041</u>

### Payable to the Pension Plan

At December 31, 2023, the City had \$53,298 of contributions reported as payable to the pension plan.

## 11. Economic Dependency

The City of Waynesville, Missouri's economy is largely dependent on the revenues derived from military personnel stationed at Fort Leonard Wood, Missouri, which adjoins the City limits. Fort Leonard Wood's population changes have a substantial influence on the local economy. The closing of the military base would have a significant impact on the operations of the City.

## 12. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

## 13. Leases Receivable

The City, as a Lessor, has entered into a water tower rental agreement, the terms of which expire in 2047 and a building rental agreement, the terms of which expire in 2036. The City recognizes leases receivable and deferred inflows of resources. Lease revenue recognized under the agreements during the year ended December 31, 2023, was \$541,954. The City had a remaining lease receivable with a net present value of \$4,093,816 based on discount rates varying between 3.0% and 3.5%.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### 14. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2023, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

### 15. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,676,302	\$ -
Transportation Fund	-	-
CID Fund	-	-
Debt Service Fund	384,438	-
Electric Fund	-	1,177,688
Water and Wastewater Fund	-	579,072
Natural Gas Fund	-	235,980
Trash Fund	-	68,000
	<u>\$ 2,060,740</u>	<u>\$ 2,060,740</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and Governmental Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### 16. Pledged Revenues

#### Water and Wastewater Fund

The City has pledged future water and wastewater customer revenues to repay the 2011 Combined Waterworks and Sewerage Revenue Bonds issued to improve and expand the combined system. The bonds are payable solely from customer net revenues and are payable through 2031. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$2,355,621. Principal and interest paid for the current year and total customer net revenues were \$288,932 and \$1,795,796, respectively.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### 17. Conduit Debt

On December 21, 2012, the City authorized the issuance of \$10,000,000 aggregate maximum principal amount of Industrial Development Revenue Bonds, Series 2013. The issuance is authorized in accordance with Chapter 100 RSMo in order to provide economic financial assistance to a third-party private entity and the City has no obligation beyond the rents, revenues and receipts derived by the City from the Project; therefore, the issue does not constitute a debt of the City and, accordingly, is not included in the City's statement of net position. As of December 31, 2023, the third-party private entity is current on all payments due and the outstanding balance is \$10,000,000.

### 18. Debt Refunding Loss

On April 1, 2016, the City issued \$2,015,000 in Series 2016 Certificates of Participation with interest rates ranging from 2.00% to 3.00%. The City issued the certificates to refund \$2,395,000 of the outstanding 2007 Certificates of Participation with interest rates ranging from 4.00% to 4.45%. The advance refunding resulted in the recognition of a deferred loss of \$90,804.

The deferred loss is amortized as an adjustment to interest expense through 2026. A summary of the deferred loss on debt refunding is listed below:

	<b>Balance December 31, 2022</b>	<b>Additions</b>	<b>Current Amortization</b>	<b>Balance December 31, 2023</b>
Governmental Activities	\$ 4,427	\$ -	\$ (1,362)	\$ 3,065
Business-Type Activities				
Electric Fund	7,968	-	(2,452)	5,516
Water and Wastewater Fund	14,166	-	(4,359)	9,807
Natural Gas Fund	2,951	-	(908)	2,043
	<u>\$ 29,512</u>	<u>\$ -</u>	<u>\$ (9,081)</u>	<u>\$ 20,431</u>

### 19. Unearned Revenue

This is future revenue consisting of payments in lieu of taxes that will be recognized over a 25 year period as a result of an October 2015 contract with MCP-Waynesville, LLC that brought a solar farm to the City. As of December 31, 2023, the unearned revenue was \$156,400 and will be recognized at a rate of \$9,200 per year. Additionally, unearned grant revenue includes unspent ARPA grant proceeds in the amount of \$752,574.

### 20. Commitments

The City was committed to Burns & McDonnell Engineering Co. for ongoing work with airport terminal design in the amount of \$417,826.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2023

### 21. Restatement

During the current year, the City reallocated the 2021A Certificate of Participation funds for anticipated upcoming projects. Fund balances and net position have been restated as of January 1, 2023, as follows:

	<b>General Fund</b>	<b>Electric Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Trash Fund</b>	<b>Gas Fund</b>
Fund Balance/Net Position, as previously on December 31, 2022	\$ 2,289,923	\$ 1,418,224	\$ 5,621,151	\$ 232,113	\$ 1,377,637
Restricted cash and cash equivalents	936,229	228,965	(60,533)	(881,090)	(223,571)
Accrued interest payable	-	-	-	5,798	-
Certificates of Participation, net	-	(236,757)	51,263	864,209	218,699
Fund Balance/Net Position, as restated January 1, 2023	<u>\$ 3,226,152</u>	<u>\$ 1,410,432</u>	<u>\$ 5,611,881</u>	<u>\$ 221,030</u>	<u>\$ 1,372,765</u>
				<b>Governmental Activities</b>	<b>Enterprise Funds</b>
Net Position, as previously stated December 31, 2022				\$ 18,421,854	\$ 8,649,125
Restricted cash and cash equivalents				936,229	(936,229)
Accrued interest payable				(5,798)	5,798
Certificates of Participation, net				(897,414)	897,414
Net Position, as restated January 1, 2023				<u>\$ 18,454,871</u>	<u>\$ 8,616,108</u>

## Required Supplementary Information

## City of Waynesville

### Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Year Ended December 31, 2023

<b>Missouri Local Government Employees Retirement System (LAGERS)</b>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>									
Service Cost	\$ 273,750	\$ 250,628	\$ 256,162	\$ 258,355	\$ 244,246	\$ 236,248	\$ 252,887	\$ 229,483	\$ 203,718
Interest on the Total Pension Liability	579,568	536,960	528,163	519,103	474,443	455,928	441,448	393,077	364,481
Difference between expected and actual experience	447,941	289,690	208,504	(235,748)	278,824	(73,345)	(146,872)	58,079	66,751
Changes of Assumptions	-	-	(136,003)	-	-	-	-	265,644	-
Benefit payments including refunds	(478,609)	(481,264)	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)	(265,438)
<b>Net Change in Total Pension Liability</b>	<u>822,650</u>	<u>596,014</u>	<u>401,274</u>	<u>164,561</u>	<u>598,154</u>	<u>282,322</u>	<u>204,965</u>	<u>705,794</u>	<u>369,512</u>
Total Pension Liability, Beginning	8,380,245	7,784,231	7,382,957	7,218,396	6,620,242	6,337,920	6,132,955	5,427,161	5,057,649
<b>Total Pension Liability, Ending</b>	<u>9,202,895</u>	<u>8,380,245</u>	<u>7,784,231</u>	<u>7,382,957</u>	<u>7,218,396</u>	<u>6,620,242</u>	<u>6,337,920</u>	<u>6,132,955</u>	<u>5,427,161</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	468,135	421,194	393,331	394,243	400,288	380,440	357,320	363,432	346,321
Pension Plan Net Investment Income (Loss)	300,032	7,663	1,969,121	87,117	410,581	706,965	610,680	(2,555)	88,052
Benefit payments, including refunds	(478,609)	(481,264)	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)	(265,438)
Pension Plan Administrative Expense	(17,352)	(12,816)	(11,606)	(14,925)	(13,162)	(9,135)	(8,597)	(8,244)	(8,762)
Other	8,195	49,155	111,918	(171,360)	(13,914)	16,174	27,413	63,667	(15,982)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>280,401</u>	<u>(16,068)</u>	<u>2,007,212</u>	<u>(82,074)</u>	<u>384,434</u>	<u>757,935</u>	<u>644,318</u>	<u>175,811</u>	<u>144,191</u>
Plan Fiduciary Net Position, Beginning	8,600,992	8,617,060	6,609,848	6,691,922	6,307,488	5,549,553	4,905,235	4,729,424	4,585,233
<b>Plan Fiduciary Net Position, Ending</b>	<u>8,881,393</u>	<u>8,600,992</u>	<u>8,617,060</u>	<u>6,609,848</u>	<u>6,691,922</u>	<u>6,307,488</u>	<u>5,549,553</u>	<u>4,905,235</u>	<u>4,729,424</u>
<b>Employer Net Pension Liability (Asset)</b>	<u>\$ 321,502</u>	<u>\$ (220,747)</u>	<u>\$ (832,829)</u>	<u>\$ 773,109</u>	<u>\$ 526,474</u>	<u>\$ 312,754</u>	<u>\$ 788,367</u>	<u>\$ 1,227,720</u>	<u>\$ 697,737</u>
Plan fiduciary net position as a percentage of the total pension liability	96.51%	102.63%	110.70%	89.53%	92.71%	95.28%	87.56%	79.98%	87.14%
Covered payroll	\$ 2,220,337	\$ 2,079,625	\$ 1,904,046	\$ 2,056,658	\$ 1,939,790	\$ 1,785,682	\$ 1,770,160	\$ 1,970,387	\$ 1,642,569
Net pension liability (asset) as a percentage of covered payroll	14.48%	-10.61%	-43.74%	37.59%	27.14%	17.51%	44.54%	62.31%	42.48%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.



# City of Waynesville

## Schedule of Contributions

Year Ended December 31, 2023

### Missouri Local Government Employees Retirement System (LAGERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 456,835	\$ 456,197	\$ 407,278	\$ 401,382	\$ 391,435	\$ 399,509	\$ 364,423	\$ 359,297	\$ 358,187	\$ 341,204
Contributions in relation to the actuarially determined contribution	456,835	451,016	407,278	401,382	391,435	399,509	364,423	359,297	354,061	341,204
Contribution excess	<u>\$ -</u>	<u>\$ 5,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126</u>	<u>\$ -</u>
 Covered payroll	 \$ 2,326,720	 \$ 2,264,498	 \$ 2,130,634	 \$ 2,062,611	 \$ 2,051,240	 \$ 2,024,113	 \$ 1,873,262	 \$ 1,924,495	 \$ 1,790,341	 \$ 1,690,534
 Contributions as a percentage of covered payroll	 19.63%	 19.92%	 19.12%	 19.46%	 19.08%	 19.74%	 19.45%	 18.67%	 19.78%	 20.18%

See accompanying notes to the Schedule of Contributions.

# City of Waynesville

## Notes to the Schedule of Contributions

Year Ended December 31, 2023

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**Valuation Date:** February 28, 2023

**Notes:** The roll-forward of total pension liability from February 28, 2023, to June 30, 2023, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

### **Methods and Assumptions Used to Determine Contribution Rates**

*Actuarial Cost Method:* Entry Age Normal and Modified Terminal Funding

*Amortization Method:* A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.

*Remaining Amortization Period:* Multiple bases from 9 to 22 years for the General Division and 11 to 22 years for the Police Division.

*Asset Valuation Method:* 5-Year smoothed market; 20% corridor

*Inflation:* 2.75% wage inflation, 2.25% price inflation

*Salary Increases:* 2.75% to 6.75% including inflation for General Division

2.75% to 6.55% including inflation for Police Division

*Investment Rate of Return:* 7.00%, net of investment expenses

*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition

*Mortality:* The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

*Other Information:* None

# City of Waynesville

## Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
Ad valorem taxes	\$ 430,000	\$ 430,000	\$ 514,890	\$ 84,890
City sales tax	800,000	800,000	1,121,737	321,737
Motor vehicle taxes	445,000	445,000	608,594	163,594
Utility franchise tax	40,000	40,000	53,328	13,328
	1,715,000	1,715,000	2,298,549	583,549
Licenses and Permits				
Building permits	20,000	50,000	75,048	25,048
Other licenses and permits	18,000	23,000	34,605	11,605
	38,000	73,000	109,653	36,653
Intergovernmental Revenues				
Federal and state grants	1,024,990	1,454,000	1,145,646	(308,354)
Charges for Services				
Fuel sales	350,000	350,000	450,017	100,017
Rental income	499,000	499,000	12,525	(486,475)
Animal control	158,000	143,000	142,156	(844)
Subdivision improvement	150,000	218,000	42,521	(175,479)
Other	60,000	165,000	172,349	7,349
	1,217,000	1,375,000	819,568	(555,432)
Fines and Forfeitures				
City court fines	75,250	75,250	50,168	(25,082)
Miscellaneous				
Interest	18,000	30,000	130,627	100,627
Donations	15,000	15,000	20,414	5,414
Other	65,500	42,000	105,466	63,466
	98,500	87,000	256,507	169,507
<b>Total Revenues</b>	4,168,740	4,779,250	4,680,091	(99,159)

See accompanying notes to the Budgetary Comparison Schedules.

# City of Waynesville

## Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Expenditures</b>				
Current				
City hall	1,355,790	1,404,790	1,370,196	34,594
Fire	285,000	205,000	257,905	(52,905)
Public safety	1,005,000	1,043,000	1,024,101	18,899
Municipal court	117,760	117,760	126,845	(9,085)
Street	457,800	479,950	406,507	73,443
Airport	650,395	654,395	771,632	(117,237)
Animal shelter	345,800	369,800	432,776	(62,976)
Building department	327,700	352,900	375,882	(22,982)
Dispatch	-	118,950	74,534	44,416
Capital outlay	1,757,990	2,569,000	2,138,330	430,670
Debt Service				
Principal and interest	930,000	950,000	513,441	436,559
<b>Total Expenditures</b>	7,233,235	8,265,545	7,492,149	773,396
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 (3,064,495)	 (3,486,295)	 (2,812,058)	 674,237
 <b>Other Financing Sources</b>				
Sale of property	-	-	4,500	4,500
Net insurance recovery	350,000	600,000	-	(600,000)
Operating transfers in	2,004,580	2,134,080	1,676,302	(457,778)
<b>Total Other Financing Sources</b>	2,354,580	2,734,080	1,680,802	(1,053,278)
 <i>Net Change in Fund Balance</i>	 (709,915)	 (752,215)	 (1,131,256)	 (379,041)
 Fund Balance, January 1, as restated	 3,226,152	 3,226,152	 3,226,152	 -
<b>Fund Balance, December 31</b>	<b>\$ 2,516,237</b>	<b>\$ 2,473,937</b>	<b>\$ 2,094,896</b>	<b>\$ (379,041)</b>

See accompanying notes to the Budgetary Comparison Schedules.

## City of Waynesville

### Budgetary Comparison Schedule – Park and Pool Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes				
Sales taxes	\$ 445,000	\$ 465,000	\$ 536,015	\$ 71,015
Intergovernmental Revenues				
Federal and state grants	50,000	77,000	81,770	4,770
Charges for Services				
Rental and membership	110,000	105,000	132,113	27,113
Miscellaneous				
Interest income	300	300	816	516
Other	8,500	10,500	8,257	(2,243)
	<u>8,800</u>	<u>10,800</u>	<u>9,073</u>	<u>(1,727)</u>
<b>Total Revenues</b>	<u>613,800</u>	<u>657,800</u>	<u>758,971</u>	<u>101,171</u>
<b>Expenditures</b>				
Current				
Parks and pool	337,220	365,220	303,859	61,361
Capital outlay	20,000	82,000	135,853	(53,853)
<b>Total Expenditures</b>	<u>357,220</u>	<u>447,220</u>	<u>439,712</u>	<u>7,508</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	256,580	210,580	319,259	108,679
Fund Balance, January 1	<u>1,274,967</u>	<u>1,274,967</u>	<u>1,274,967</u>	<u>-</u>
<b>Fund Balance, December 31</b>	<u><u>\$ 1,531,547</u></u>	<u><u>\$ 1,485,547</u></u>	<u><u>\$ 1,594,226</u></u>	<u><u>\$ 108,679</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

## City of Waynesville

### Budgetary Comparison Schedule – Community Improvement District Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Miscellaneous				
Other	\$ 60,000	\$ 60,000	\$ 20,859	\$ (39,141)
<b>Total Revenues</b>	60,000	60,000	20,859	(39,141)
<b>Expenditures</b>				
Community improvements	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<i>Excess (Deficit) of Revenues Over Expenditures</i>	60,000	60,000	20,859	(39,141)
Fund Balance, January 1	462,876	462,876	462,876	-
<b>Fund Balance, December 31</b>	\$ 522,876	\$ 522,876	\$ 483,735	\$ (39,141)

See accompanying notes to the Budgetary Comparison Schedules.

# City of Waynesville

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2023

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## **Budgets and Budgetary Accounting**

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Council in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Council on approved budget adjustment forms.

## **Other Reporting Requirements**





**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Waynesville, Missouri's basic financial statements, and have issued our report thereon dated October 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Waynesville, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waynesville, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, as items 2023-001 and 2023-002, that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Waynesville, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Waynesville, Missouri's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waynesville, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waynesville, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
October 21, 2024



## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and Board of Aldermen  
City of Waynesville  
Waynesville, Missouri

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the City of Waynesville, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Waynesville, Missouri's major federal programs for the year ended December 31, 2023. The City of Waynesville, Missouri's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of City of Waynesville, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Waynesville, Missouri, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Waynesville, Missouri's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Waynesville, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
October 21, 2024

# City of Waynesville

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Pass-through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>				
Missouri Department of Transportation				
Airport Improvement Program	20.106	21-057B-1	\$ -	\$ 20,284
Direct				
COVID 19 - Airport Improvement Program	20.106	N/A	-	842,445
			-	862,729
Highway Safety Cluster				
Missouri Department of Transportation Highway Safety and Traffic Division				
State and Community Highway Safety	20.600	23-PT-02-120	-	4,189
		24-PT-02-069	-	1,714
			-	5,903
National Priority Safety Programs	20.616	23-M5HVE-03-044	-	3,174
Total Highway Safety Cluster			-	9,077
University of Central Missouri				
Alcohol Open Container Requirements	20.607	21-154-AL-009	-	420
<b>Total U.S. Department of Transportation</b>			-	872,226
<b>U.S. Department of Treasury</b>				
Direct				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	157,861
<b>Total U.S. Department of Treasury</b>			-	157,861
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 1,030,087</u>

N/A – Not Applicable

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

# City of Waynesville

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

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## 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City for the year ended December 31, 2023, and is presented on the modified cash basis of accounting as described below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## 3. Indirect Cost Rate

The City has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

# City of Waynesville

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

### Section I: Summary of Auditors' Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major federal programs:	
Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No



# City of Waynesville

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

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### Section II: Financial Statement Findings

#### Material Weaknesses

##### 2023-001 Segregation of duties

*Condition:* Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The City currently has personnel in place to handle the accounting needs of the City. There are some mitigating controls in place but it is not possible to have segregation in all areas.

*Criteria:* Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Response:* The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional **accounting personnel**.

##### 2023-002 Bank Reconciliations

*Condition:* During the year ended December 31, 2023, reconciliations of all bank accounts to the accounting general ledger were not performed on a monthly basis.

*Criteria:* Bank reconciliations are an important internal control within an entity. All bank accounts held under the City's tax identification number should be reconciled to the general ledger on a monthly basis. All supporting information for the bank reconciliation should be included with the reconciliation to allow for review. These items would include a printout of general ledger cash, bank statements, and detailed listings of outstanding items.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

*Response:* During the 2024 fiscal year the City has been working on a solution to utilize the accounting system to do monthly bank reconciliations. Additionally, the Finance Department is now staffed sufficiently to create the ability to complete the reconciliations in a timely manner as well as have an oversight review once completed.

### Section III: Federal Award Findings and Questioned Costs

None

# City of Waynesville

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2023

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## Financial Statement Finding

### Material Weakness

#### 2022-001 Segregation of duties

**Auditor's Recommendation:** We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

**Status:** Uncorrected



October 21, 2023

U.S. Department of Transportation

City of Waynesville, Missouri respectfully submits the following corrective action plan for the year ended December 31, 2023.

Contact information for the individual responsible for the corrective action:

John Doyle – City Administrator  
City of Waynesville, Missouri  
100 Tremont Center  
Waynesville, Missouri 65583  
(573) 774-6171

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended December 31, 2023

The findings from the December 31, 2023, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## **Findings – Financial Statement Audit**

### **Material Weaknesses**

#### *2023-001 Segregation of Duties*

*Recommendation:* We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Action Taken:* The limited number of available personnel has prohibited segregation of incompatible duties and in the past the City did not have the resources to hire additional accounting personnel. Recent hires have made this requirement obtainable and the city has taken steps to segregate duties in 2024 and beyond.

*Completion Date:* Not applicable



2023-002      *Bank Reconciliations*

*Recommendation:* We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

*Action Taken:* During the 2024 fiscal year we have been working on a solution to utilize the accounting system to do the monthly bank reconciliations as opposed to utilizing manual spreadsheets. Utilizing the accounting software requires specialty training and the City has brought in a consultant to assist the Finance Department with the cash reports and bank reconciliations. Additionally, the Finance Department has been staffed sufficiently to create the ability to complete the reconciliations in a timely manner as well as have an oversight review once they're completed. The City will continue to provide the Finance Committee with monthly reports and updates as this project moves forward.

*Completion Date:* December 31, 2024

Sincerely,



John Doyle, City Administrator  
City of Waynesville, Missouri



Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

In planning and performing our audit of the governmental activities, business-type activities, discretely presented component until, and each major fund of the City of Waynesville, Missouri, for the year ended December 31, 2023, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weaknesses discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

### **1. Cybersecurity and Information Technology Controls**

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner.

*We Recommend:*

The City continue to monitor and evaluate this risk. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk.

### **2. New Pronouncements**

GASB Statement No. 100 – *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62 – defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error correction. This statement is effective for the fiscal year ending December 31, 2024.

GASB Statement No. 101 – *Compensated Absences* – updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The statement is effective for the fiscal year ending December 31, 2025.

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500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

GASB Statement No 102 – *Certain Risk Disclosures* – provides definitions of *concentration* and *constraint* in order to provide more clarity about required disclosures. This new statement requires Cities to assess and disclose information about certain risks they face due to known concentrations and constraints which makes the City vulnerable to the risk of a substantial impact or an event, or events, that could cause substantial impact to the inflow of resources or outflow of resources and those which may limit the City’s ability to acquire resources or control spending. This statement is effective for fiscal years beginning January 1, 2024.

GASB Statement No. 103 – *Financial Reporting Model Improvements* – changes and improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Improvements and notable changes that affect cities are made for unusual or infrequent items, presentation of major component units, and budgetary comparison information. This statement is effective for fiscal years ending January 30, 2026, and all reporting periods thereafter. Earlier application is encouraged.

*We Recommend:*

Management examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the City’s administrative personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies of this matter or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as the City of Waynesville, Missouri’s independent auditors and the courtesies and assistance extended to us by the City’s employees.

Respectfully submitted,

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
October 21, 2024



Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 15, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Waynesville, Missouri, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2023. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the business-type activities' financial statements was management's estimate of the allowance for doubtful accounts, which is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. Management's estimate of the allowance for doubtful accounts for taxes receivable is based on the aged accounts receivable balance. We evaluated the key factors and assumptions used to develop the allowances in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

- Fund balance
- Cash and cash equivalents adjustments

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### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 21, 2024.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis, pension information and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.



**Restriction on Use**

This information is intended solely for the use of the City Council and management of the City of Waynesville, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
October 21, 2024